

OUTGOING MESSAGE

25X1

Approved For Release 2005/04/21 : CIA-RDP78S01932A000100010091-7

AGE	COI	ACP	TOG	TPE	MRO	TRI	PAGE	OF	PAGES
SCM	0	0	0	0	0	0	1	2	
CLASSIFICATION							CIA/OCI / WHIZ 740119		
CONFIDENTIAL									
MESSAGE HANDLING INDICATOR			DATE-TIME GROUP		CITE		MESSAGE REFERENCE NUMBER		
			192038Z		CIA/WHSS		23765		

SOURCE REF:

ROUTING	1		4		7		10	
	2		5		8		11	
	3		6		9		12	

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ITEM NO: 9 DATE: 19 JAN 74
SUBJECT: FRENCH FRANC TO FLOAT FOR SIX MONTHS

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AFTER AN EXTRAORDINARY CABINET MEETING ■■■THIS MORNING, THE FRENCH GOVERNMENT MADE THE UNEXPECTED ANNOUNCEMENT THAT THE FR■■■■ANC WOULD BE ALLOWED TO FLOAT FREELY FOR A PERIOD OF SIX MONTHS. THE FRANC HAD WEAKENED CONSIDERABLY RECENTLY AND PARIS ■PRESUMABLY FEARED THAT CONTINUED EFFORTS TO SUP■PORT IT ■WITHIN THE EC JOIN■T FLOAT WOULD LEAD TO A LARGE LOSS OF RE-■SERVES. THE FRANC WILL NOW PROBABLY DEPRECIATE F■■■■FURTHER, ■GIVING A BOOST TO FRANCE'S TRADE BALANCE AT THE EXPENSE OF ITS ■TRADI■NG PARTNERS, MOST OF WHOM ARE ALREADY EXPECTING LARGE OIL-

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SIGNAL CENTER USE ONLY

AGE COI ACP TOG TPE MRO TRI

PAGES

SCM 0 0 0 0 0 0 2 2

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INDUCED TRADE DEFICITS. THE FRENCH DECISION ALSO MEANS THAT THE EC JOINT FLOAT HAS ALMOST CEASED TO EXIST, AS THREE OF THE FOUR MAIN CURRENCIES ARE NOW FLOATING INDEPENDENTLY.

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